



STATE BOARD OF EQUALIZATION STAFF LEGISLATIVE BILL ANALYSIS

Date Amended:	1/07/02	Bill No:	SB 24
Tax:	Property	Author:	Polanco
Board Position:	BOE Sponsored	Related Bills:	AB 1457 (2001)

BILL SUMMARY

This Board-sponsored bill would correct cross-reference errors created by amendments to Section 62.1 in the prior Legislative session related to mobilehome park conversions to resident ownership.

ANALYSIS

Current Law

Existing property tax law requires property to be reassessed at current market value whenever there is a change in ownership. However, Revenue and Taxation Code Section 62.1 excludes certain transfers of mobilehome parks from change in ownership reassessment if the tenants who rent the individual spaces in the park purchase it either directly or through a legal entity owned by the tenants.

In some conversions to resident ownership, prior to the transfer of the mobilehome park to the resident-tenants, there is an interim transfer of the park to a non-tenant owned entity. A separate section of law, Revenue and Taxation Code Section 62.2, allows the change of ownership exclusion of Section 62.1 to still apply when there has been such an “interim transfer.” The purpose of the holding by the non-tenant owned entity is to facilitate the tenants’ ultimate purchase by essentially providing “bridge financing” while the tenants work to obtain the necessary resources to purchase the park. Generally, the law provides that the interim holding period by the non-tenant entity may not exceed 18 months, but, in certain instances, it can be extended to as much as 36 or 76 months, as specified.

Last year, Assembly Bill 1457 (Ch. 772, Kelley, Stats. 2001) amended Section 62.1 to address issues related to pro-rata changes in ownership of parks after a change in ownership exclusion has been granted. This bill also added reporting requirements whereby parks must annually provide certain information to county assessors regarding changes in ownership within the park. The various provisions of AB 1457 resulted in the renumbering of Section 62.1. Related to this bill, former subdivision (a) of Section 62.1 has been renumbered as paragraph (1) of subdivision (a) and former subdivision (b) of Section 62.1 has been renumbered as paragraph (2) of subdivision (a). Consequently, the existing references to Section 62.1 found in Section 62.2 are incorrect.

This staff analysis is provided to address various administrative, cost, revenue and policy issues; it is not to be construed to reflect or suggest the Board’s formal position.

Proposed Law

This bill would amend Section 62.2 to correct the cross reference errors created by the recent amendments to Section 62.1.

COMMENTS

1. **Sponsor and purpose.** This bill is sponsored by the Board of Equalization to correct cross-reference errors.
2. **Amendments.** The January 7, 2002 amendments delete the prior version of this bill which would have created an insurance tax credit for insurance companies that invest in certified capital companies, which in turn would make investments in new or expanding businesses.

COST ESTIMATE

There are no costs associated with this measure.

REVENUE ESTIMATE

This measure has no revenue impact.

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